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AUDIT STAFF REPORT OF AUDIT

This report presents the findings developed from an audit undertaken pursuant to Audit Staff responsibilities and authorities set forth in organization regulations. Unless otherwise indicated in the report, the audit included review and appraisal of internal controls and procedures and such other audit processes, test checks and verification of accounts, assets and transactions as were considered appropriate and consistent with generally accepted audit standards in the circumstances.

The objectives of the audit were to determine for management whether

- (1) Adequate controls and procedures have been established and are being applied effectively to safeguard organization resources and assure that resources are used only for approved and legal purposes, and
- (2) Activities are being conducted economically, efficiently and in conformance with policy determinations and directives.

Transportation Division

For the period:

From 1 October 1962

Through 31 December 1963

Chief, AAE Division

Date 31 January 1964

This report consists of 4 pages.

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GROUP 1
Excluded from automatic
downgrading and
declassification

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REPORT OF AUDIT
Transportation Division

For the Period
1 October 1962 - 31 December 1963

INTRODUCTION

1. This audit covered internal controls and procedures relating to Transportation Division responsibility in PCS movement of Agency personnel, including their personal effects, and transportation of Agency materiel and equipment. Total fiscal year 1963 Transportation Division obligations were

25X1 [REDACTED] The major portion of travel and transportation charges are budgeted and paid for from operating component funds. Annual Agency expenditures

25X1 [REDACTED]

SUMMARY OF FINDINGS AND RECOMMENDATIONS

2. The operations of the Transportation Division were found to be generally good. However, we believe savings in the use of premium transportation can be effected by better coordination between Supply Division and Cargo Branch to reduce the number of shipments utilizing premium transportation and by continued efforts by Cargo Branch to make maximum use of surface transportation.

3. Recommendations arising from our audit are summarized below and discussed in the paragraphs indicated:

- a. Require responsible operating officials or their designees to specifically approve the cost of air or other premium transportation of Agency materials. (Paragraph 4)

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- b. Coordinate with Supply Division to reduce the number of partial shipments. (Paragraph 6)
- c. Develop procedure to consolidate as many shipments as possible. (Paragraph 7)
- d. Coordinate with Supply Division in making maximum use of time factors to effect greater use of surface transportation. (Paragraph 8)

DETAIL COMMENTS

Need for High Speed Transportation of Materials Not Substantiated in Transportation Division Files

4. Use of premium transportation sometimes results in transportation costs exceeding the value of the materials. We found several instances of air shipment made several months after the requirement date originally specified by the requisitioner. Requirement dates are extended by telephone with no amendment to requisitions. Cargo Branch files include no operational information and under present procedures extensive research would be required in order to substantiate the need of air shipment as specified by requisitioning components. The subject of premium transportation has been a matter of comment in previous audit reports and revised procedures have resulted in considerable improvement during the current audit period. However, we believe that even more improvement can be made. The potential savings in this area are substantial since shipping 7 percent of Agency cargo by air represents about 50 percent of total transportation costs. We recommend that a system be developed to require requisitioners to specifically approve the extra cost of air or other priority handling and indication of disposition of material if required date cannot be met. To make the system effective, Cargo Branch should continue to provide requisitioners with estimates of the time and cost involved in the various available methods of shipment.

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Need for Better Coordination Between Cargo Branch,
Supply Division, and Requisitioners

5. Cargo Branch personnel are located at Quarters Eye; Supply Division stock records [REDACTED] and most requisitions originate from components located in the Headquarters Building. The scattered locations make necessary the best possible planning and coordinations. In obtaining clarification and coordination of shipping arrangements, written communications are generally too slow, and telephone communications are usually unsatisfactory because of security considerations. Consequently, extra effort is necessary to adequately document instructions and decisions. Some matters which should be coordinated by Supply Division and Cargo Branch to gain the greatest over-all efficiency and economy are discussed in the following paragraphs.

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6. Reduction in paper work and economies in packing, handling, and shipping costs can be achieved by reducing the number of shipments made in filling individual requisitions. Supply Division generally prepares materials for shipment as soon as they are received resulting in multiple shipments to fill individual requisitions. In some cases a single item of a requisition might not have any utility without other component items but the requisitioner generally does not indicate whether each item should be shipped as soon as received or to ship only when all items have been received. Supply Division should instruct all requisitioners to indicate on each Form 88 whether to make partial shipments or to hold materials until all items can be supplied in order to eliminate unnecessary partial shipments.

7. Every requisition is handled as a separate cargo even when several requisitions for one destination are filled from stock at about the same time. Supply Division sometimes makes two or more shipping documents for materials on one requisition issued from stock. Cargo Branch should make an attempt in coordination with Supply Division to develop procedures to insure consolidation of as many shipments as possible.

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8. In some cases, because of time spent in routing and processing documentation, materials are not made available on a timely basis from stock or procurement is not expedited with the result that air transportation is required. Since air shipment is generally more costly than rush procurement action, the possibility of savings in transportation should be considered in completing the requisition and allocating available time to Procurement Division and Cargo Branch. Cargo Branch should coordinate with Supply Division in making the best use of available time to insure the greatest possible use of surface transportation.

Actions Completed During the Course of the Audit

9. During the audit we found that the Highway Branch did not obtain hand receipts for some motor vehicles issued for use away from the Rosslyn office. We also noted that the agent cashier in Passenger Movement Branch had not been formally advised what officials are authorized to approve local travel claims. Necessary corrective actions were completed during the audit.

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